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People's Republic of China Handbook

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No. 0619
January 1972

People's Republic of China Handbook

Please replace the February 1971 edition of the 'Communist China' handbook (0546) with the attached.

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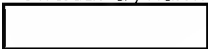
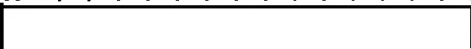
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INTRODUCTION

The People's Republic of China, the world's most populous country, has been ruled for 20 years by doctrinaire Communists who seek to accelerate its advance toward great power status and undisputed leadership in Asia. Progress toward these goals has been slowed by intractable economic problems, by acrimonious ideological disputes with the Soviet Union, and by bitter discord among China's once-united leaders. Although economic stagnation and the chaos of the Cultural Revolution have created widespread popular disillusionment, apathy, and loss of confidence, the Communist regime still maintains its authority on the mainland of China. Its chief source of support and one of its principal political components is the People's Liberation Army. This ground-oriented force—outmoded by Western standards—is slowly modernizing and has begun to acquire a limited number of advanced weapons.

With an area of 3.7 million square miles, China is roughly the same size as the United States or Canada. Its huge population—estimated at 864 million in January 1972—is heavily concentrated in the eastern part of the country, where most of the fertile land, agricultural and industrial production, and the transportation network are located. About 94% of the people are ethnically Chinese and have a good degree of social cohesion. The minority peoples, although only a small percentage of the total, are politically significant because of their historic record of dissidence, their occupation of China's rugged Western borderlands, and their cultural affinities with peoples across the border. This compounds what has become China's number-one foreign policy problem, its long, exposed, and troubled border with the Soviet Union.

The extremely doctrinaire and militant Chinese leaders have been openly challenging Soviet leadership within the Communist world since about 1959. Far from replacing Moscow, however, China became almost entirely isolated internationally by the late 1960s, largely as a result of its extremely xenophobic behavior during the Cultural Revolution. A series of bloody border clashes from March to August 1969 raised the first credible threat of open warfare with the Soviet Union. Realizing its weak military position vis-a-vis the Soviet Union, Peking resumed high-level state talks with the Soviet Union in October 1969 and recently embarked on a diplomatic course that has led to President Nixon's planned trip to China this February. In addition, the Chinese have substantially refurbished their international image, established diplomatic relations with 17 states, and achieved entry into the United Nations.

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Domestically, the violent civil upheaval of the Cultural Revolution seriously debilitated the social, economic, and military fabric of China. The party, which until 1966 ran China as a typical, centralized Communist dictatorship, was virtually destroyed. The divisions that grew and hardened during these years of purge and struggle continue to afflict China's leadership. By the end of 1970, four prominent civilian leaders on the ruling 25-member politburo that was announced at the Ninth Party Congress in April 1969 had fallen into political disgrace. Last fall, a major purge struck the ranks of the nation's leading military figures. The chief victim was Defense Minister Lin Piao, who had been named Mao's chosen heir at the ninth congress. The entire top echelon of the General Staff have also been removed from their posts. All these men had played important political as well as military roles. As a result, much remains to be done. The current politburo—consisting of only about nine active members—is clearly a rump organization. The process of filling the existing vacancies and making key military appointments is almost certainly generating considerable tension and behind-the-scenes maneuvering. The formal process of building a new Communist party structure at the important provincial level was completed last summer, but reverberations from the Lin Piao purge may bring about some selected revamping of the provincial committees, which are currently dominated by career military officers. While it is not possible to predict the shape of things to come with any degree of confidence, it is clear that China's leaders today are forced more than at any time before to take disparate political views into account and to trim their policies accordingly.

China's armed force of over three million men was neither trained nor entirely suited for the wide range of administrative, political, and social control responsibilities it has assumed since early 1967. These extraordinary new duties and the political turmoil that produced them have spread the army thin, caused strains within the military establishment, and may have degraded combat readiness, morale, and discipline. These strains undoubtedly have been intensified by the recent shakeup of the army's top command echelon. Nevertheless, troop units, equipment, and the command structure remain largely intact, and the People's Liberation Army continues to provide a strong conventional defense of the mainland.

China is rich in most of the resources required to develop a major-power industrial base, including coal, iron ore, waterpower, nonferrous metals, and manpower. Moreover, the Chinese were well on the road to rapid industrial expansion in the 1950s until the economic disruptions of the Great Leap Forward, the termination of Soviet aid, and the Cultural Revolution. The economic legacy of the Cultural Revolution has been a depressed

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industrial production, a three-and-a-half-year hiatus in technical training and all higher education, and a major setback to centralized economic planning. Against the background of chronic and compounded problems of over-population, agricultural limitations, and low levels of literacy and skills, the government has begun to show signs of returning to more pragmatic solutions. The Chinese economy has settled down into self-sustaining growth on a broad front, and by the end of 1971, as it completed the first year of its fourth five-year plan, the regime had achieved substantial increases in military and industrial production. Whatever the source of their domestic political quarrels, the Chinese Communists remain committed to their long-term goal of building an ideologically motivated, modern, industrial state militarily powerful and commanding international respect.

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I. GEOGRAPHY

Location

The People's Republic of China (i.e., all of China except Taiwan, the Pescadores, and the offshore islands of Chin-men and Ma-tsu) occupies the central and greater part of East Asia. China borders nearly every country of eastern Asia and has a long frontier with the Soviet Union. All major strategic targets in Asia and the USSR are within 2,500 miles of Chinese territory.

Area

With an area of 3,700,000 square miles, China is the third largest nation of the world, slightly less (4%) than Canada and slightly more (2%) than the United States.

Climate

China's climate varies widely, from wet and tropical on Hainan Island and subtropical on the southern mainland to subarctic in the extreme part of the northeast and desert conditions in large parts of the north and northwest. The climate for much of the country is determined by monsoon winds. Warm moist maritime winds from the southwest, south, and southeast control the weather in summer, and cold, dry continental winds from the north and west dominate the winter. January average temperatures range from below -15 degrees in northern Heilungkiang to over 65 degrees in the South China Hills; July's averages run from less than 60 degrees over most of Tibet to over 80 degrees in the South China Hills, the central Yangtze valley, and the Turfan Depression in Sinkiang.

Rainfall is highly seasonal; Peking, for example, receives virtually no precipitation in December, January, and February. Only the rice-growing areas of South and East China receive as much as an inch of rain in an average January. In late spring and summer, warm, moisture-laden winds from the Bay of Bengal provide most of the rainfall for South and East China. Hot, oppressive summer weather is typical, with the middle and lower Yangtze plains being notoriously warm and humid. Winter offers a sharp contrast. Very cold and dry Siberian air masses dominate and often penetrate—though greatly modified—to the southern provinces. Over most of China little precipitation falls during the colder months; clear days with low temperatures and very low humidities are common. During late winter and

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spring, strong winds sweep across North China, and hazy days caused by dust storms are common.

In western China the effects of the Asian circulation patterns are modified by mountain ranges, elevation, and other physical factors. There is little precipitation because of the alignment, extent, and high elevations of the mountain ranges that form the eastern and southern borders of the region. Temperatures reach great extremes—from the intense heat of the Turfan Depression to the bitter cold in the high mountains and plateaus.

Terrain

The landscape ranges from intensively cultivated low plains to large, barren, high basins and snow-capped mountains, and from areas of lush vegetation and abundant water supplies to some of the driest deserts in the world. Most of China is hilly and mountainous; about 60% of this high area lies more than 6,000 feet above sea level, and extensive areas in the west exceed 12,000 feet. The remote, sparsely inhabited highlands of western China contain some of the highest mountains in the world: the Himalayas, Kunlun Mountains, A-erh-chin Shan-mo, and Nan Shan, many with snow-capped peaks over 20,000 feet. Rugged, but considerably lower and partially forested, mountains and hills characterize much of eastern China. Numerous intensively cultivated and densely populated basins and river valleys are scattered throughout these mountains and hills. Although the uplands in many places in the southeast extend to the coasts of the South and East China seas, there are some fairly wide, flat to rolling, intensively cultivated coastal plains fronted by numerous, largely hilly islands. Generally flat to rolling desert basins and plains, which are sparsely inhabited, prevail in northwest China. Much of eastern China is made up of low, flat, densely populated and intensively cultivated plains—specifically the North China Plain, the Manchurian Plain, and the middle and lower Yangtze plains.

Natural resources

Natural resources are probably sufficient to support the regime's long-term intention to build the modern industrial and military complex required of a great power.

Reserves of coal, iron ore, manganese, aluminum ore, and copper appear large enough to support industries comparable to those of the United States and the USSR. China's hydroelectric potential is superior to that of the US and USSR. Known petroleum resources are now adequate to meet likely requirements for the near future.

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Proved coal reserves of 70-80 billion tons probably rank China third in the world, after the US and USSR. This supply would allow at least a century of industrial growth.

Proved reserves of iron ore are estimated to be about 10 billion tons, about one quarter those of the Soviet Union, but more than sufficient to allow China to become one of the world's foremost steel producers. Reserves of nonferrous metals and minerals are also substantial, but China lacks reserves of three important steel alloying materials—chrome, nickel, and cobalt. Reserves of tin and tungsten, however, are the largest in the world. China ranks second in molybdenum deposits, and antimony, mercury, fluorspar, borax, asbestos, and salt are adequate for any foreseen needs. Manganese, copper and aluminum ores, lead, and zinc also seem sufficient for industrial development. Deposits of rare metallic ores—beryllium, columbite, and tantalite—are rich, and uranium is found in scattered deposits. Supplies of most raw materials for the fertilizer industry are also adequate.

Human resources

Nearly one fourth of the world's population lives in China. The precise number of people is unknown, and estimates vary widely. The US Bureau of the Census estimates China's population at 864 million as of 1 January 1972 by an extrapolation based on the country's only census, which accounted for 583 million Chinese as of June 1953.

The population is remarkably homogeneous, both physically and culturally; the great majority, approximately 94 percent, belong to the so-called Han, or Chinese, nationality. To these may be added 3-4 million Hui, who are physically indistinguishable from the Han, but nevertheless consider themselves a separate ethnic entity because of their Muslim culture.

Approximately 45 million people in China belong to ethnic minorities. About 50 minority groups were identified by the State Statistical Bureau in 1959. Although a small proportion of the total population, members of these groups are politically significant because they are concentrated on the frontiers and have certain cultural, ethnic, and religious bonds with related minorities in neighboring countries. Most belong to primitive tribal groups along China's southwest border which are closely related to the Han—especially, the Chuang, Puyi, Thai, Yi, Miao, and Yao. Other significant groupings are the Tibetans; the largely Muslim Turkic peoples of Sinkiang (Uighurs, Kazakhs, Kirghiz); the Mongols in Inner Mongolia; and the Manchus, now scattered throughout China. More than a million Koreans live in Kirin Province, adjacent to North Korea.

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Chinese is spoken by about 95% of the population. The language has many dialects, but Mandarin is the most prevalent. Other major dialects are Wu, or Shanghai; Northern Min, or Foochow; Southern Min, or Amoy-Swatow; Kan; Hakka; Cantonese; and Hsiang. The written language employs ideographs and has even more local variations than the spoken language. This has been an important element of cultural unity but has also inhibited the diffusion of literacy and education, since a general reading competence requires a knowledge of several thousand ideographs.

Although the over-all population density is about 234 persons per square mile, the population is unevenly distributed. Ninety percent of the people occupy only one sixth of the country, while the population density for about 2 million square miles is less than one person per square mile.

Although the population is still predominantly rural—about 85%—in an absolute sense, China has one of the largest urban populations in the world, roughly equivalent to those of the much more industrialized United States and Soviet Union.

China's population is estimated to be growing at the rate of 2-2.5%, or roughly 19 million, per year. The population is very young, thus, rapid growth is likely to continue. The birth rate during most of the last decade is estimated at about 37 per 1,000, with little change so far resulting from birth control programs. At the same time, death rates have dropped from about 24 per 1,000 in 1962 to 15 per 1,000 in 1971.

Life expectancy at birth is now somewhere between 43 and 53 years for males and between 45 and 55 years for females. Information on infant mortality rates is lacking, but a reasonable estimate is between 125 and 175 per 1,000 live births.

The Communist regime's birth control programs in the middle 1950s and early 1960s were inhibited by its Marxist non-Malthusian doctrines, and appear to have affected the birth rate only in the cities. Starting in 1970, however, government pressure to promote birth control in rural areas increased notably. Medical personnel were assigned to rural areas, and local villagers were trained and organized into "barefoot doctor" teams. Because both groups are striving not only for birth control but also for better public health and medical care in general, however, lower mortality rates may well more than offset lowered birth rates, especially in view of the traditional ideal among the Chinese masses of the large, extended family.

China has a vast working-age population estimated at 459 million in 1971, or 54% of the total population. About 85% of the total labor force is engaged in agricultural production.

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II. ECONOMIC BACKGROUND

Growth rates and trends

After 20 years of Communist rule, the economy shows mixed results—striking economic successes, partial failures, and large unfinished tasks. A solid economic base for industrial and military programs has been established, but the fundamental problems of agricultural backwardness and population pressure remain unsolved.

Economic growth has been uneven as a result of two irrational programs pushed by Chairman Mao—the Great Leap Forward and the Cultural Revolution. Steady growth occurred during the period of the First Five-Year Plan (1953-57), but then came the ill-advised Great Leap Forward (1958-60) with its unmaintainable increase in tempo. In 1961-62, the economy declined sharply, only gradually regaining its former levels of output in 1966. Progress was again halted by the Cultural Revolution in 1967-68. The end to the violence in the summer of 1968 and the subsequent generally constructive environment brought production in 1969 back to roughly the level achieved in 1966. In 1970-71, the economy made substantial progress and regained the momentum lost during the Cultural Revolution.

Measurement of economic activity has been seriously hampered by the paucity of official data since the collapse of the Leap Forward. However, the statistical blackout of the 1960s has been relaxed, and a growing number of percentage claims, together with a few absolute figures, were issued in 1970-71. Other sources of information are the detailed foreign trade data published by China's trading partners, aerial photography, and reports by travelers and refugees. The information is sufficient to identify general policies and trends and to make rough numerical estimates of performance.

Main sectors—trends in industry and agriculture

Agriculture is the pivotal sector of the economy. Improvements in all other sectors depend to a large extent on the harvest of the preceding year. A major factor in the sharp economic decline of 1961-62, for example, was the poor harvests of 1959-61.

The agricultural resources of China, while extensive, are small in relation to the population. Grain crops are by far the most important, accounting for 75-80% of sown area. Only a small part of the land is used for

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industrial crops or livestock feed. China is normally first in the world in production of rice, millet, sweet potatoes, sesame, and rapeseed; second in soybeans and tobacco; and third in wheat and cotton. Rice occupies over 20% of sown area and wheat over 15%; other grains and legumes collectively account for about one third, and white and sweet potatoes about one tenth.

Food production cannot be estimated with any degree of precision. But all evidence indicates that food supplies in recent years have been sufficient to maintain a minimum diet for the people, even in the face of a steadily rising population. Total grain production in 1970 and in 1971 was probably on the order of 215 to 220 million metric tons. Domestic production of grain has been supplemented in the past decade by annual imports of 4 to 5 million metric tons of wheat, mainly from Canada and Australia. Meat and fish production is small; these products provide only a small part of the Chinese diet, about 100 calories per person per day.

A package of capital and scientific inputs, including agricultural scientists and technicians, chemical fertilizers and other agricultural chemicals, high-yielding seed strains, dependable water control, and a sophisticated infrastructure would be required to produce any dramatic increase in production. Since the food crisis of 1960-61, inputs of fertilizers, agricultural chemicals, and pumps and other equipment have risen markedly. In spite of these advances, Chinese agriculture is still at least 5 to 10 years away from the "green revolution" being experienced in Taiwan, the Philippines, and several other Asian nations.

In the key iron and steel industry, 1971 production of crude steel was 21 million metric tons (preliminary estimate) compared to 5 million tons in 1957 and to the high of 13 million tons during the Leap Forward. Total productive capacity and quality of steel products are now both at their all-time high. China is still unable, however, to produce some rolled steel products and alloy steels, necessitating substantial imports. More than 70% of all steel and steel products are turned out by five complexes: An-shan, Chungking, Shanghai, Pao-t'ou, and Wuhan.

In nonferrous metallurgy, expansion of mining and plant facilities has greatly increased production capacity in the aluminum, lead, zinc, and copper industries. Aluminum production totaled about 248,000 metric tons in 1971 and copper about 290,000 metric tons. Output of tin, tungsten, and antimony is adequate to meet domestic needs. With imported equipment and technology, China can now produce temperature and corrosion resistant metals like tantalum, titanium, tungsten-rhenium, and beryllium. Chrome,

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nickel, and cobalt, however, must be imported. China has begun to acquire the technology needed for processing nuclear metals, refractory alloys, and high-strength steels.

Coal still constitutes 90% of China's primary energy sources. Total production was about 325 million metric tons in 1971, somewhat above the Leap Forward peak and appreciably above the pre - Cultural Revolution level.

China's rapidly advancing petroleum industry can now meet nearly all its liquid fuel requirements. Crude oil output hit 23 million metric tons (preliminary estimate) in 1971. The four major oil fields are Ta-ch'ing in northeastern China, Yu-men in Kansu, Sheng-li in Shantung, and Karamai in Sinkiang. Synthetic crude oil, mostly from oil shale in northeastern China, accounts for about one million metric tons annually. Domestic production of major petroleum products in 1971 reached record amounts: 5.8 million metric tons of gasoline and 3.3 million metric tons of kerosene.

Although China's resources for electric power generation are among the best in the world, consumption is relatively low. About 85% of total electric power is supplied to industry, but the use of electric power in rural irrigation and drainage works has increased steadily. In 1971 power production reached record levels of about 70 billion KWH. (preliminary estimate) or 80 KWH. per capita. More than 75% of power-generating capacity is in coal-burning thermal power plants; most of the rest is in hydroelectric plants. About half of national power capacity is integrated into the three main regional transmission networks: the northeast industrial area; the Peking-Tientsin area; and the Shanghai-Nanking area.

Industry has been producing an increasing volume and variety of basic industrial goods, machinery, and armaments. Much of the production capacity in industry was built in the 1950s with aid from the Soviet Union and East Europe; hence, the withdrawal of Soviet assistance in 1960 caused serious dislocation and loss of production. In the last decade, imports of machinery and technology from Japan and Western Europe have given an important fillip to the modernization of Chinese industry.

The machine-building industry produces most types of industrial machinery and equipment, including machine tools, metallurgical equipment, agricultural machinery, tractors, electrical equipment, trucks, steam and diesel locomotives, petroleum extraction and refining equipment, and chemical equipment.

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The electronics industry has continued to advance, both in output and technological sophistication. Total output value may now exceed \$1 billion annually. About three quarters of this output is allocated to the military establishment and defense industries. China can produce almost all the conventional military electronic equipment (radar, communications equipment, test equipment, etc.) it needs, as well as most of the electronic inputs for advanced weapons production. Essential military items not produced by the industry are imported from non-Communist countries. These imports are small (5% of the industry's annual output) but critical. China's modern weapons programs absorb at least half of its total R&D resources and an even greater share of its best scientists and engineers.

The chemical industry has raised its fertilizer production to a high of 9.6 million metric tons per year. Pesticide production has increased, and the output of pharmaceuticals is now large enough to meet normal domestic needs for antibiotics and sulfa drugs.

The output of China's light industry—chiefly textiles, paper, and a variety of everyday consumer goods—generally meets basic domestic requirements and provides important export earnings. The cotton textile industry is among the largest in the world, but mill capacity has been under-utilized throughout the 1960s because of shortages of raw cotton. Per capita cloth production is so low that the ration—currently about five meters—satisfies only the minimum needs of the population.

Transportation and communications system

Railroads are the most important means of modern transport in the People's Republic of China, and any major military operations in China would depend heavily on them. Highway and water transport play important supplementary roles. Highways carry short-haul freight traffic and provide feeder service to the railroads and inland waterways. A large amount of road and water traffic still consists of local nonmotorized transport moving produce from farm to market.

The rail network, which connects only major population and administrative centers, is most dense in the industrialized northeast. There are three main north-south trunk lines and two main east-west trunk lines. The network totals more than 25,000 miles of common-carrier lines, most of which are standard gauge (56.5 inches). Double tracking is confined to less than 20% of the total network. Construction of new rail lines and major bridges is gradually extending and consolidating the rail network.

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Most of the 6,000 locomotives are of the coal-fired steam type, but the use of diesel locomotives is increasing. The inventory also includes about 185,000 freight cars and more than 10,000 passenger cars.

By Western standards, China's highways are poorly developed and sparsely distributed. Probably at least half of the more than 400,000 miles of roads are unimproved earth roadways and tracks, usually feeder roads in farm areas. Most of the highways built during the 1960s have been in the mountainous southern border regions, including strategic routes to Pakistan, Nepal, Burma, Laos, and North Vietnam. The total motor truck inventory at the end of 1971 was about 500,000 vehicles. China produced roughly 70,000 trucks in 1971.

The inland waterway network consists of about 100,000 miles of navigable rivers and streams, 25,000 miles of which are usable by large modern craft. Although China's more modern inland fleet—steamers, tugs, and barges of 70 to 6,000 ton capacity—handles about 20% of modern freight transport, the large primitive fleet of junks and sampans probably carries twice as much total tonnage. The Yangtze River, the main waterway artery in China, is navigable to ocean-going vessels as far inland as Wuhan and to large river steamers almost 200 miles upstream from Chungking. The Grand Canal, currently being refurbished, is the only significant north-south inland water route in China.

China has a modest pipeline system in the northwest designed to carry crude oil from the producing fields to refineries and transshipment points. A short gas pipeline in Szechwan Province serves industrial users in Chungking.

China has few good natural harbors. Ports in the more heavily industrialized north are generally modern and equipped with mechanical handling facilities. Most of those in the south are coastal ports and serve only the immediate hinterland. Shanghai, the largest port, handles most of the nation's foreign trade. The second most important port, the Dairen/Port Arthur complex, serves northeast China.

China's merchant marine at the beginning of 1971 consisted of 285 ships of 1,000 gross register tons (GRT) and over, totaling 1,506,880 GRT and 2,050,503 deadweight tons (DWT). As most of the ships are small, slow, and old, the fleet is considered substandard. The average tonnage of Chinese merchant ships is 7,200 DWT, less than half of the world average, and their age is well above the world average. At the end of 1970 the fleet included 47 ships over 30 years of age, 27 of them over 50 years. The total number of

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Chinese-flag ships in international shipping was 65 at the end of 1970. Foreign merchant ships continue to carry the bulk of China's seaborne trade.

The scheduled civil air network in 1971 ran to about 28,000 unduplicated route miles, reaching 75 cities. China operates scheduled international services to Irkutsk, Pyongyang, Hanoi, and Rangoon. Foreign carriers operate from the USSR, North Korea, Pakistan, and France. China has about 400 civil aircraft, about 100 of which are multi-engine transports carrying 25 or more passengers. Most of them are Soviet types (IL-18s, IL-14s, IL-12s, LI-2s) or British Viscounts. Another 250 are smaller (7-10 passenger) AN-2s, some from the USSR, some produced in China.

China's air facilities system is adequate, well-distributed, and capable of supporting all types of air operations. About 185 airfields have hard-surfaced runways over 6,000 feet in length, sufficient for jet fighters. There are about 70 airfields used exclusively for civil air, and the rest are used by the military.

The telecommunication system is designed to serve primarily political and military ends. Public telephone and telegraph services are operated by the Ministry of Posts and Telecommunications. Open wirelines, supplemented by high frequency point-to-point radio networks, provide the principal means of transmission, but short-haul microwave radio relay links of low channel capacity have been installed between a few larger cities. Telegraph service is widely available, but telephone facilities are essentially limited to government users. Radiobroadcast facilities are used effectively for dissemination of directives, propaganda, news, and entertainment. Wire broadcast networks like those of the USSR are well developed and reach a large audience. Television coverage is restricted to fewer than 30 of the major cities.

Government economic policy and financial system

China's formal economic planning structure is modeled after that of the USSR. Subordinate to the State Council is the State Planning Commission. The Ministry of Finance and the various production ministries support the planning process. Over-all policy is developed in the party's Politburo. In 1970-71, the economic bureaucracy was rebuilt after the battering of the Cultural Revolution. The political events of late 1971, which revolved around the status of Lin Piao and other high-ranking military officers, had no discernible spillover into the economy.

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The First Five-Year Plan (1953-57) and its attendant annual plans and budgets, conducted while China was receiving substantial Soviet aid, was designed along the lines of the Soviet system. Proposals for the Second Five-Year Plan (1958-62) were superseded by the economically disastrous Great Leap Forward. Annual planning became more stabilized during the mid-1960s and a belated Third Five-Year Plan (1966-70) was announced, but regularized planning was again interrupted by Mao Tse-tung's radical policies and the Cultural Revolution (1966-69). In 1970, in connection with National Day on October 1, Premier Chou En-lai announced that 1971 would be the first year of the Fourth Five-Year Plan (1971-75). The year 1971 marked a successful start of the plan, with industry and construction the star performers.

Currency control is centered in the People's Bank of China. The unit of currency, the yuan, does not ordinarily enter into international trade, although China recently has concluded contracts with some Western firms in yuan. Western diplomatic personnel and tourists in China convert their currencies into yuan at rates equivalent to about 2.25 yuan to US \$1.00. In international trade, China generally makes financial settlements with non-Communist countries in convertible currencies and uses clearing accounts with Communist countries. Internal prices and wages have been successfully stabilized through strong government controls.

Foreign trade

China's foreign trade amounts to only a small percentage of its economic activity. Total turnover amounted to \$4.5 billion in 1971 and was divided evenly between exports and imports. This is the highest amount since 1959, when trade aggregated \$4.3 billion.

The free world accounted for 80% of China's total trade in 1971. Japan, Hong Kong, and West Germany were China's largest trading partners. Trade with the USSR was less than \$100 million in both 1969 and 1970, and \$130 million in 1971, a sharp contrast to 1959 when Sino-Soviet trade was roughly \$1 billion each way. Trade with the free world enables China to obtain chemical fertilizer, wheat, and equipment and technology necessary for modernizing industries supporting her defense effort.

Balance of payments

By 1965, China had liquidated its debts to the USSR and the Eastern European countries. China's debts to non-Communist countries—mostly in

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the form of short-term credits—never have been large, amounting to only about \$325 million at the end of 1970. China maintains current holdings of about \$500 million in gold and about \$300 million in convertible currencies.

Foreign aid

Pretensions to great-power status have led China to devote a small part of her economic resources to aid programs in a number of countries in Asia, Africa, and the Middle East. North Vietnam is the largest single recipient, having received over \$1.5 billion in aid by the end of 1971. China has also provided small amounts to insurgent movements in Laos and Thailand. In rivalry with the US and USSR, China extended over \$2 billion in grants and credits to less developed non-Communist countries from 1956 through 1971, but only about one third of this aid has been actually drawn. In recent years, China's foreign aid has become more selective, and most is now concentrated in a few countries. The building of the Tanzania-Zambia railroad is the largest project China has ever attempted and the largest aid project in progress in Black Africa.

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III. POLITICAL SITUATION AND TRENDS

Historical summary

The traditional and ancient succession of imperial dynasties of China, based on the philosophy of Confucius, began to crumble in the mid-19th century under the impact of invading foreign commercial and military forces. In 1911 the last of the dynasties was toppled by a nationalist revolution inspired and guided by Dr. Sun Yat-sen. But Dr. Sun's nationalist party, the Kuomintang, was never able to bring all of China under its sway; large areas of the country remained under the control of independent military overlords.

Chiang Kai-shek's efforts to reunify the country under the Kuomintang after Sun Yat-sun's death in 1925 were thwarted by two major developments—the growing challenge of the Chinese Communists and the invasion of China by the Japanese. Following the defeat of Japan by the Allies in 1945, China was plunged into a bloody civil war from which the Communists emerged in 1949 as rulers of the mainland.

The People's Republic of China, the governmental arm of the ruling Communist Party, moved to consolidate its control over the population and to rehabilitate the shattered economy. In 1954 a new constitution was promulgated and the first National People's Congress was convened to provide a more permanent and stable institutional basis for government. Three years later the regime appeared to have made substantial progress in many fields, including public health, education, and industrialization. More than 95% of the Chinese peasantry had been reorganized into cooperatives, and the private sector of the urban economy had been virtually eliminated.

In the summer of 1958, the regime moved precipitately into a much more ambitious stage of social transformation, the "Great Leap Forward." Through the establishment of large complex agricultural units, called communes, the government expected to make more effective use of China's huge manpower resources to drive ahead on all economic fronts. Instead, the result was unprecedented waste, confusion, and mismanagement that led to severe food shortages, an economic depression, and widespread popular discontent. By 1960 the communes were abandoned, in substance if not in form.

Between 1962 and 1966, Peking attempted with some success to recoup from the economic and political consequences of the Great Leap. But

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Mao Tse-tung apparently became worried that in their efforts to regain some measure of economic and political stability, other top men in the party and government were pushing him aside and abandoning his grand plan for the communization of China.

Mao responded by launching his Great Proletarian Cultural Revolution in late 1965. Beginning as an extensive attack on officials in the education, cultural, and literary fields, the movement spread to encompass virtually all echelons of Chinese life. As a consequence of the Cultural Revolution, both the party and government came under severe attack and ultimately there was virtually nationwide chaos. In 1967 the regime was forced to call in the army to curb rampaging Red Guards and to restore law and order.

The violent phase of the Cultural Revolution ended in the late summer of 1968, but the process of rebuilding the shattered party and government machinery has proved to be difficult. Deep animosities engendered by factional fighting over the past few years remain, and many of the economic and social problems that had long beset China were exacerbated by the Cultural Revolution.

Structure and functioning of the government

The governmental system is still in flux as a result of the Cultural Revolution, and it is not clear which features of the pre-1965 system will be retained, which will be jettisoned outright, and which will be modified.

The Central People's Government was formally proclaimed on 1 October 1949. The 1954 constitution stated that the government was to be based on an alliance of workers and peasants led by the Communist Party and embracing several minor parties, mass organizations, and social groups. It also provided for centralization of power and the subordination of the military to civilian control.

A draft of a new state constitution was reported to have circulated throughout the country in the winter of 1970-71 for review "by the masses" after its approval "in essence" at a meeting of the central committee in September 1970. A drastically shortened version of the original 1954 constitution, it is in effect as much a political manifesto as a legal instrument.

Despite its brevity and lack of precision, the draft constitution has already been overtaken by events. One passage, for example, enshrines Mao Tse-tung and heir designate Lin Piao as the nation's personal rulers. Now that

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Lin has been removed from all power, the constitution will have to be revised to name a new successor to Mao or make some other provision, such as specifying a clear line of organizational succession. One possibility would be the restoration of the office of the chief of state, a post that was last held by deposed president Liu Shao-chi and which was dropped from the constitution drafted in 1970.

Another constitutional provision that may undergo revision is the pervasive role laid out for the military in Chinese politics. Under the heading of "general principles," the draft calls specifically for the participation of army representatives, along with veteran civilian cadres and former revolutionary activists, in a so-called "three-in-one" system of local leadership. It was apparently intended that army representatives would retain military titles, duties, and discipline, and, more importantly, that they would rely on military channels for control and guidance. If the purge of Lin Biao is followed by an effort to curb the power of the military, however, the draft constitution may be substantially altered so as to eliminate or at least sharply reduce the military's overt presence in the party and government structure. One obvious method would be to return to the practice followed in the early 1950s when military cadre cut their organizational ties with the army as they moved into the civilian party and state bureaucracy.

Aside from the abolition of the post of the chief of state, the structure at the highest state level remains basically unchanged under the draft constitution. The National People's Congress (NPC) is the top representative body and the State Council continues as the executive arm, headed by the premier. But the formal functions and powers of both organs have been significantly reduced.

For example, the NPC and its standing committee are no longer given the authority to remove high government officials, and even the power of the congress to appoint the premier is subject to the "recommendation" of the party central committee. While the NPC still "examines" the state budget, there is now no specific requirement for its approval. The new constitution also eliminates the NPC's power to decide on questions of "war and peace"—a mandate that the congress was never permitted to perform in the first place. As an end result, the NPC's chief function boils down to what it has been in effect all along, that is, to serve as a major sounding board for the national policies of the regime.

The powers of the State Council and its premier are described briefly and imprecisely. However, the vague formula used does permit a certain

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degree of flexibility that may prove to be a strength rather than a weakness. The State Council clearly remains as the real heart of the governmental structure in Communist China, empowered to draft economic plans, coordinate the work of the ministries, and manage state administrative affairs. Under these provisions a strong-willed individual, such as Chou En-lai, could keep a firm hand over the state machinery. Certainly Chou En-lai has demonstrated by his actions during the Cultural Revolution and the political uncertainty following Lin's fall that he comes as close as anyone in the present leadership to being the truly "indispensable man."

Although the draft constitution does not address itself directly to the ministry level of the government, it is in the State Council that reorganization and "streamlining" is most evident. Thus far, at least five new supra-ministries have been formed by combining the functions of two and sometimes three ministries. The central government hierarchy is also taking on a heavier military cast. Relatively junior army officers have been named to head five central ministries, and a number of other military men have been placed in key posts just below the ministerial level. The insertion of inexperienced but supposedly politically reliable military cadre into leadership positions is one method by which Peking hopes to overcome bureaucratic resistance and lethargy.

Perhaps the most extensive changes are those in the judicial system, which has lost its prerogative to administer justice independently, subject only to state laws. The draft, in keeping with the "mass line" innovations of the Cultural Revolution, emphasizes the right of the "masses" to circumvent authority by publishing their political views in "big-characters posters" and by public participation in political trials. The Supreme People's Procuratorate, the office of the public prosecutor, is apparently abolished, and lower-level procuratorial authority is said to be exercised by "public security organs."

The draft constitution also took the expected step of officially designating as China's future local governmental organs the revolutionary committees that were set up at nearly every level in the provinces during the Cultural Revolution. The draft failed to clarify the relationship between the revolutionary committees and the party committees that have recently been formed throughout the country. On the basis of the 29 provincial-level party committees formed in late 1970 and 1971, it appears that in virtually every case the first party secretary will be the chairman of the corresponding revolutionary committee.

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By simply confirming incumbent government leaders as the new party chiefs, Peking apparently sought to avoid rekindling the bitter personal and factional rivalries that marked the formation of the revolutionary committees during the hectic 1967-68 period. Ironically, this system of interlocking directorates mirrors closely the arrangement that existed before the Cultural Revolution, except that now the lines of authority converge on army officers rather than civilian party veterans. This unprecedented concentration of power in the hands of local military men could provide a serious brake on any efforts by the central regime to alter the prevailing political-military balance in the provinces because of the Lin Piao affair. Presumably the regime will move with extreme caution, selectively revamping local party organs while granting the majority of military powerholders specific reassurances as to their political tenure.

With regard to minority affairs, the draft constitution, like its predecessor, proclaims that China is a "multinational" state and recognizes the continued existence of "autonomous regions" for minority groups. But while the draft states that nationalities may still "use their spoken and written languages," the 1954 provision that they may "develop" their languages and "preserve or reform their habits and customs" has been dropped.

The draft also treats economic policy in a far more generalized manner than did the old constitution. China for the first time is designated a socialist state, and all references to vestigial capitalist ownership of property, including individual rights of inheritance, are eliminated; instead, there is an overriding emphasis on collective ownership—with the single significant exception that peasants may continue to maintain "small-scale" private plots. This section of the draft, which reportedly was the subject of controversy, smacks of compromise; in fact, most of the new constitution appears to be a series of deliberately loose, general propositions that are likely to be subject to varying interpretations.

Political dynamics

Until 1966 the cardinal fact of political life in the People's Republic of China was not its governmental form or its institutions but, simply, the concentration of all political power in the hands of a single group, the Chinese Communist Party (CCP). The CCP, the largest Communist party in the world, not only controlled the government at all levels but also every group that could conceivably challenge party hegemony. There were no legal

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checks or limitations on the power of the party; it arrogated to itself the role of supreme initiator, executor, and judge of all political action.

During this period, the Chinese Communist Party, like its Soviet counterpart, was a highly centralized organization constructed on the Leninist principle of "democratic centralism." In theory, "inner party democracy" was ensured by a system of elections and congresses that provided channels for the opinions of the rank-and-file membership. Delegates to the hsien (county) level congresses were elected by basic-level party organizations; they in turn elected delegates to the provincial congresses, which elected delegates to the national congress. The party constitution of 1956 stipulated that national, provincial, and hsien party congresses were to meet every year. It also declared that the National Party Congress was the "highest leading body" of the party. But in reality democracy was systematically subordinated to centralism. Established party leaders controlled the timing of elections and the number of delegates, and determined who was elected. The Eighth Party Congress met only twice, in 1956 and 1958.

The Cultural Revolution wrought havoc with this classic organizational structure. The party apparatus (in particular the hierarchy of committees that handled party affairs exclusively) to all intents and purposes ceased to function in late 1966 and early 1967. Since then, political power has been exercised through a series of ad hoc arrangements primarily revolutionary committees and military control commissions, that were brought into being as the Cultural Revolution progressed.

The long postponed Ninth Party Congress, which should have been held in 1961, was finally convened in April 1969. The new congress was apparently the scene of bitter debates on policy and personnel. A new party constitution was adopted to replace that of 1956, and Lin Piao was enshrined as Mao's designated successor. As in the case of the draft state constitution, the party constitution and other major documents produced at the ninth congress will undoubtedly have to be modified or perhaps jettisoned altogether. Indeed, there have been some reports that a 10th party congress will soon be convened, presumably to bring the party's official history in line with the new power alignment in Peking.

At the April 1969 conclave, a new Central Committee was also elected. Departing sharply from past practice, the congress held over only 53 of the Eighth Central Committee's 180 living full and alternate members, which graphically reflected the ravages of the Cultural Revolution. Of the 170 full and 109 alternate members of the new Central Committee (an increase in

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membership of over 50%), the representation of provincial and military figures was greatly increased, while the proportion of old party machine cadres was almost eliminated and government representation drastically curtailed. A large number of the new Central Committee members appear to be little more than symbolic representatives of the masses. Its unwieldy size and the political unimportance of many of its members ensure that it will function mainly as a "rubber stamp" for decisions made in more exclusive arenas.

The real locus of power is the new Politburo of 21 members and four alternates elected in April, and its Standing Committee. The depth of the animosities and rivalries that were carried over from the Cultural Revolution is indicated by the Politburo's personnel. Of the 25 members only about nine were active in public life at the start of 1972. Some of those dropped are now too old or infirm to keep up an active pace, but the great majority, including three of the five Standing Committee members, are political casualties of the intense factionalism generated by Mao's "revolution." The Secretariat, which served as traffic manager for decisions taken in the name of the Central Committee and oversaw the work of the Central Committee's operational departments, has not been reconstituted; presumably, at least some of its former functions are being handled by the Central Committee's General Office. Alternate politburo member Wang Tung-hsing was recently reaffirmed as director of this office. In the absence of a Secretariat, this post probably provides Wang, who is Mao's long-time personal guard, with considerable influence over sensitive party security matters.

Ultimate power in the Chinese Communist system, up to 1965, rested largely in one man, Mao Tse-tung. With the disruption of the traditional party system that occurred during the Cultural Revolution, the old process of decision and control has been loosened so that the vital interests of certain segments of the political structure—especially the military leadership—have received greater recognition. Although Mao remains by far the most important figure on the political scene, he has been forced to adapt to pressures he cannot fully control.

From the summer of 1966 until the Ninth Party Congress in April 1969, a new ad hoc body, the Cultural Revolution Group (CRG), occupied an extremely important place on the Chinese political scene. Nominally subordinate to the Central Committee, this group in fact acted as an autonomous body throughout the Cultural Revolution. It oversaw and coordinated virtually all activities related to the Cultural Revolution, particularly the Red Guards. Many of the more "radical" and extreme policies

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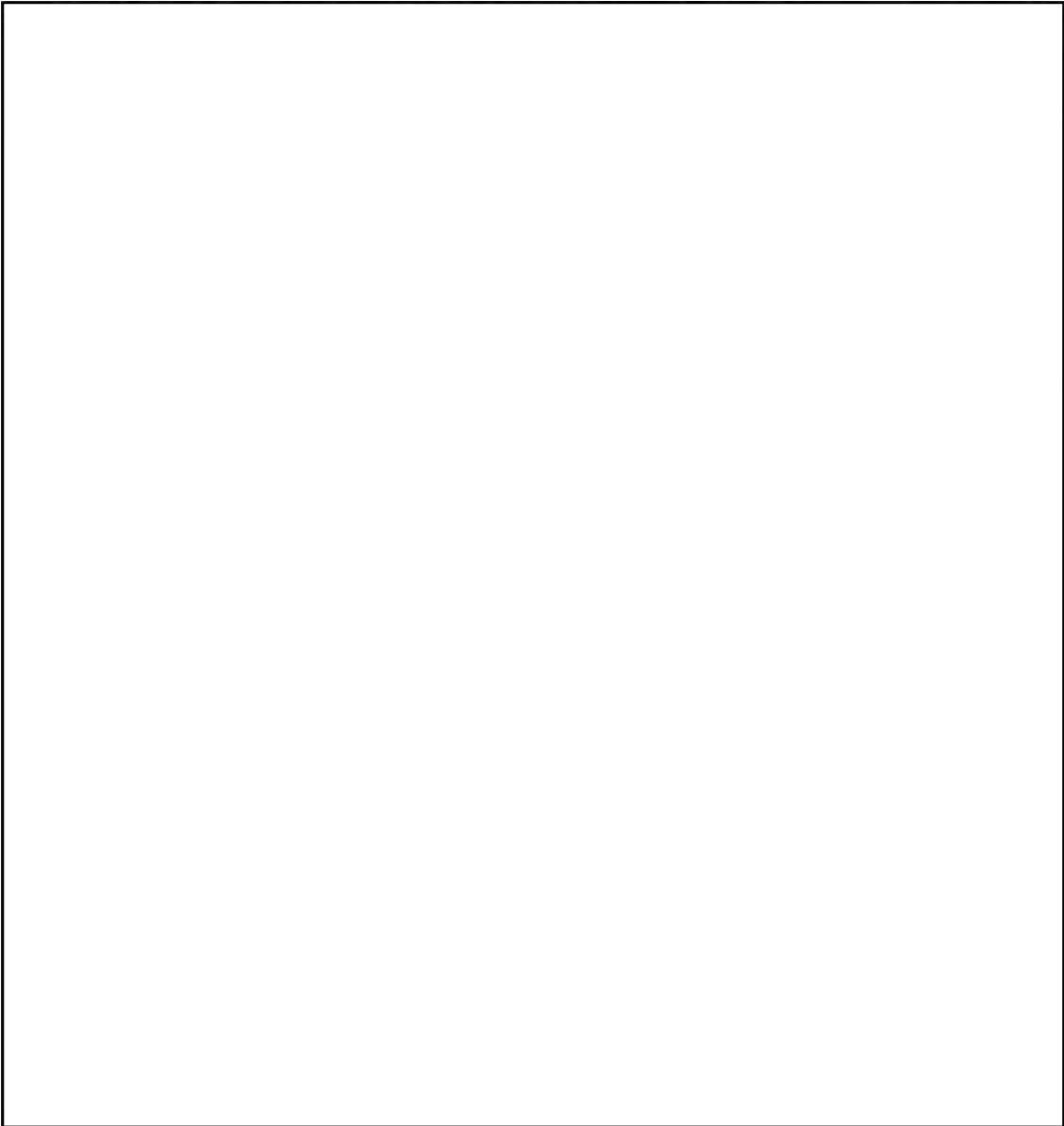
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and actions connected with the Cultural Revolution appear to have originated with this body. Since the downgrading and partial dissolution of the Red Guard organizations in the summer and autumn of 1968, the CRG seems to have been circumscribed. Only one reference—in mid-December 1969—has been made to it since the Ninth Party Congress, and it is probably being phased out as an integral part of the political structure.



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IV. SUBVERSION

Since coming to power, the Chinese Communist regime has used police-state and mass propaganda methods in its constant effort to reduce both the will and the means of the people to mount resistance activities capable of overthrowing its authority. The pattern of subversive capabilities and trends has changed radically from the period immediately preceding the Communist rise to power. There are no longer any rival political parties backed by substantial military forces to compete for control of the central government. Former centers of resistance, such as those that developed from groupings of former Kuomintang officials, local landlords, family associations, and secret societies, have been eliminated or replaced by mass organizations that serve as instruments of state control. Although the government has occasionally modified objectionable features of its policies in response to popular opposition, it has nonetheless pushed forward relentlessly with its general program of imposing the Communist pattern on mainland China. The major type of opposition confronting the Chinese Communists today is therefore passive and is reflected, for the most part, in disillusionment, resentment, and disaffection among the population.

With few exceptions, such as the Tibetan revolt of 1959 and the widespread grain theft and breakdown of social order during the food shortages of 1960-61, this situation also existed before the outbreak of Cultural Revolution violence in 1966. From the fall of 1966 until the summer of 1968, however, this system of controls was severely disrupted by the Red Guard movement. Despite the widespread violence and disorder of the Cultural Revolution—at times approaching anarchy—no organized center of direct opposition to Peking arose.

Though there are no specific centers of subversion, there are areas of generalized dissatisfaction throughout the society which could under some circumstances prove dangerous to the regime.

Most of China's minorities inhabit border regions where potential dissidence poses special problems for Peking. The two most important minorities in this respect are the Tibetans in the Southwest bordering India and the Turkic Pastoral peoples (Uighurs and Kazakhs) in the Northwest bordering Soviet Central Asia. For years, Peking has recognized the problem and has moved substantial numbers of ethnic Chinese into minority areas to dilute the potentially disloyal population.

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The morale of China's nearly 700 million peasants is traditionally tied closely to their livelihood. They enjoyed the loosening of controls of the Cultural Revolution and can be expected to put up some resistance to the reimposition of central authority over their activities.

The most enthusiastic supporters of Mao Tse-tung have been the youth. At the beginning of the Cultural Revolution, Mao was able to tap their energies to mount the violent Red Guard campaigns. When the Guards were summarily suppressed and disbanded in the summer of 1968, however, the youth felt betrayed. When higher education was terminated in 1966 and when many urban youths were sentenced to lifetimes of farm labor far from home, their idealism and personal expectations were virtually destroyed. Disaffected youth therefore represent a major concern for any Chinese regime in the future.

Although industrial workers have been something of a privileged class in the People's Republic of China, they were sorely disgruntled by the "Leap Forward" disaster of 1958-60. Faced with the long-term prospect of only limited gains in material incentives, the workers will be unenthusiastic but controllable.

China's intellectuals have been the most distrusted segment of society under Mao. They in turn have shown the same suspicion and distaste for the regime. Because of their small numbers, however, they should not pose a major political problem.

Party and government cadres at all levels were once the chief beneficiaries of the regime. The events and policies of the Cultural Revolution, however, have seriously impaired the morale of those who remain. Nevertheless, most will probably maintain a cynical commitment to Peking for the sake of their own careers. Many are returning to the same jobs they held before the Red Guards were turned loose.

Possibly the most difficult area of discontent, because it is also potentially the most dangerous to those in power, is the army. Until 1967 it could be said that the military was intensely loyal to the nation and to Mao's regime. This may no longer be true because of the purge of many senior officers since then, the severe new strains created within the military establishment, and intensification of the internal dispute between the "professionals" and the "politicals" dating back to 1959. Indeed, the question of party-army relations may be, in the final analysis, the most difficult long-term issue the Communists face. Nevertheless, until the party is restored to something approximating its previous authority, the army is still the chief means of social control available to the center.

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VI. ARMED FORCES

The Chinese Communist armed forces—including naval and air components—are known collectively as the People's Liberation Army (PLA). Their estimated total personnel strength of over three million is the largest in Asia, and one of the largest in the world. The PLA is primarily a ground force organization, with 85% of the manpower (2,500,000) in 183 divisions, including both combat units and support organizations. The navy and air force are much smaller (215,000 and 365,000) and less experienced.

The PLA became the strongest and most cohesive element of political power and internal security during the Cultural Revolution, largely due to the destruction of the party machines. As a result, the armed forces took on various political, administrative, and social responsibilities in addition to purely military functions. The military remained heavily involved in these activities and formalized its political position during the reconstruction of the party and government apparatus after the Cultural Revolution. Following the purge of Minister of Defense Lin Biao and several other top-level military members of the politburo in late 1971, however, there are indications that the party leadership intends to cut back on the broad political mandate given the armed forces and reassert party control.

Defense organization

The most powerful military body normally is the Military Affairs Committee (MAC), formally organized as a sub-unit of the Central Committee. Its top officers, all senior military men, are also important party officials, many of them on the politburo. Mao Tse-tung himself is chairman ex officio and probably presides over the most important meetings. Since the purge of Lin Biao, vice chairman Yeh Chien-ying may now run the committee on a day-to-day basis. The status of the remaining membership is still uncertain.

The final word on armed forces policy normally has rested with Mao and his colleagues on the politburo. The formulation and control of basic military policy, however, has been entrusted to the MAC. When the party machine was supreme, the MAC represented party leadership in the military. With the party machine dismantled, the MAC assumed additional responsibilities in the government and economy because of the army's extensive involvement in these areas. The MAC, therefore, became one of the regime's most important political, as well as military, entities. Presumably the MAC

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will play a key role in the current efforts to reaffirm top-level party control over China's military establishment.

The responsibility for executing the policy decisions of the MAC rests primarily with the Ministry of National Defense (MND), which is formally subordinated to the government's top body—the State Council. The minister of national defense exercises direct command of the PLA through a large staff of departments and bureaus. The ministry's main staff components are the General Staff Department (GSD), the General Rear Services Department (GRSD), and the General Political Department (GPD). In addition, the PLA's central command structure includes the headquarters of the two arms (navy and air force) and the several branches (artillery, armor, engineers; signal, etc.). Reflecting the PLA's origin and predominant composition, there is no separate ground forces headquarters, this function being handled directly in the GSD.

Operational and administrative control is exercised by the MND through the GSD. The GSD is responsible for planning the implementation of strategic orders and directives and for overseeing their execution. Under its aegis are operations, military intelligence, tactical organization, mobilization, communications, training, and inspections. Always the senior staff department, the GSD has been further upgraded since 1968 by the designation of top officials of the air force, navy, and GRSD as assistant chiefs of the General Staff.

In the past, the General Political Department had been the senior body within the PLA charged with ensuring party control over the military. Following severe political attacks during the Cultural Revolution, however, the GPD's entire top leadership was purged by the fall of 1967, and it remained totally dormant for the next two years, its functions taken over by an ad hoc body directly under the MAC. The first signs that the GPD was to be revived appeared with the identification of two new deputy directors late in 1969. In September 1970 alternate politburo member Li Te-sheng was identified as the new director of the GPD. Li Te-sheng's position has been dramatically enhanced by the removal last fall of several other ranking military figures. Given the army's heavy involvement in civilian affairs, however, it seems likely that top-level supervisory responsibility over the armed forces' political fidelity will continue to be exercised directly by MAC or some central party organ directly under MAC. Li is also a member of MAC.

The General Rear Services Department is in charge of military logistics, technical services, and finance. It supervises a network of subordinate rear

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service elements within the military regions and districts, the service arms, and tactical units.

The chain of command in the ground forces runs from MND and GSD directly to the field commands, i.e., permanently established military regions, theaters of war in wartime, and certain ad hoc lower level tactical commands. The army's 158 active combat divisions are organized into 36 known armies under the 11 military regions into which China is divided. The military region commander controls all assigned or attached regular ground forces within his region. Military regions encompassing two or more provinces are subdivided into military districts coterminous with the provinces. By exception, Sinkiang Military Region, composing a single province, is divided into two military districts. In addition, major cities have military garrison commands. The strategic Peking Garrison is subordinated directly to MND/GSD. All others are controlled from appropriate military region headquarters.

In peacetime, the army is the senior field headquarters organized for tactical control of troop units. An army normally comprises a headquarters and staff, three infantry divisions, an artillery regiment, an AAA regiment, and support elements. In general, the PLA's units are smaller and more lightly armed than corresponding US Army units. A standard infantry division—representing the bulk of ground forces—has 12,600 men in three infantry regiments, an artillery regiment, a tank-assault gun regiment, signal, engineer, and anti-aircraft artillery battalions, and other service and support elements. Other line units include airborne divisions, armored and mounted cavalry divisions, and independent infantry, armored, and cavalry regiments. Principal support units are the field artillery and anti-aircraft artillery divisions and independent regiments, and anti-tank divisions. Border defense and military internal security divisions and regiments—smaller and more lightly equipped—are separate.

Air Force Headquarters—subordinate to the General Staff Department—has operational control of the ground, naval, and air elements which constitute the air defense organization, as well as division-level anti-aircraft units in the ground forces when required. China is divided into ten air defense districts, most of them corresponding to the military regions described above. The districts are subdivided into zones and sectors. The air district commander has operational responsibility for the air force and naval fighter aircraft, anti-aircraft artillery, surface-to-air missiles, and associated radar facilities in his district. It is believed that actual control of the weapons is maintained at the air zone level, and that the sectors primarily have air warning responsibilities. There is no separate tactical command.

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Naval Headquarters—also subordinate to the General Staff Department—has administrative and operational control over the three fleets, the naval air arm, and coastal defense artillery. Naval operating forces are divided into three fleet commands: the North Sea Fleet with headquarters at Tsingtao, the East Sea Fleet with headquarters at Shanghai, and the South Sea Fleet with headquarters at Chan-chiang. The commander of each fleet has direct operational control over all afloat units in his fleet area, employing a staff similar to that at Naval Headquarters in Peking. Shore-based units fall under the command of naval base commanders.

The functions of a new service-level unit—the Second Artillery Headquarters—have never been publicly defined, although it received prominent mention up to March 1968. It may have been formed to command missile forces as they become operational.

Manpower

As of 1 July 1971, the People's Republic of China was estimated to have 208.1 million males in the ages 15-49, of whom over 116 million (about 57%) were considered fit for military service. More than 9.7 million males reach military age (18) each year. The PLA probably conscripts some 10%—about 850,000 to 950,000—per year and releases a like number. Tours of service were shortened in 1968 to two years for all ground forces, three years for the navy and four years for the air force.

Military budget

Information on the military budget is largely unavailable. Military expenditures are estimated to be on the order of 12% of the gross national product or over \$14 billion a year. Expenditures are expected to increase further, in line with China's R&D programs and production of increasingly sophisticated weaponry. Missile, aircraft, and nuclear programs are already very costly—a heavy but bearable burden on the economy. Expenditures on general purpose forces, however, will probably remain fairly static, consuming a decreasing percentage of military appropriations.

Major weapons systems

Until recently, much of the PLA's heavy equipment consisted of weapons provided by the USSR during the 1950s or of Chinese manufacture based on Soviet types. In the last few years, however, the Chinese have

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begun production of some weapons and vehicles on which they have improved the basic Soviet design and of others of solely native design. The continued priority given to development of China's own weapons industry has produced a steady modernization along some lines and a substantial standardization of weapons and equipment.

Basic infantry weapons are already essentially standardized and the production of artillery weapons is increasing. The inventory of tanks and other equipment is also growing steadily. Even so, some units are still below standard in equipment levels.

China's ground forces are equipped with ample quantities of infantry weapons, including the excellent AK-47 infantry assault rifle, the 60-mm. and 82-mm. mortars, and the RPG-2 rocket launcher. Some units are equipped with artillery up through 152-mm., 4-ton trucks, and tanks. The main battle tank is the T-59, a Chinese version of the Soviet T-54A medium tank.

The navy's inventory of about 2,400 ships and craft comes from three sources: old 1930 vintage and World War II Japanese, American, and British-built ships captured from the Nationalist government, ships provided by the Soviet Union in the 1950s, and ships built in the People's Republic of China's own yards. World War II types are mostly landing ships, escorts, and auxiliaries. China has built most of its submarines and all of its destroyer escorts and guided-missile patrol boats. Total ship strength includes 47 submarines, one conventional and four guided-missile destroyers, nine destroyer escorts, 45 guided-missile patrol boats, 710 other patrol craft, 90 minesweepers, 50 amphibious craft, 260 auxiliaries, and about 1,200 service and small amphibious-type units. The navy also has nearly 750 operational aircraft, including 490 jet fighters, 150 jet light bombers, 20 propeller-driven light bombers, five prop reconnaissance, 50 prop transports, and 25 helicopters.

The air force is still equipped almost entirely with Soviet aircraft provided in the 1950s and with Chinese copies. Although the third largest in the world, the air force does not come up to the standards of leading Western counterparts. Its offensive capability is provided chiefly by its 350 IL-28 subsonic jet light bombers divided between the air force and navy. This capability is being significantly improved with the addition of TU-16 jet medium bombers, which are now in serial production. They could deliver China's small inventory of nuclear weapons, and they have limited radar bombing and electronic countermeasures capabilities. Defensively, the air

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force is much stronger, but is still considered the most critical weakness of China's armed forces. Excluding naval aircraft, China has about 2,800 jet fighters. Most of these date from the Korean War, but substantial numbers of MIG-19s and some MIG-21s have been built. Some air-to-air missiles have been deployed. Since 1965, the installation of Chinese-built radar has significantly upgraded early warning and ground control and intercept capabilities. In addition to fighters, the air force has the following in operational units: 200 jet light bombers, 30 jet medium bombers, 70 prop bombers, 30 jet and turboprop medium transports, 450 older light transports, and about 220 light helicopters.

China continues to put high priority on upgrading its nuclear weapons and missile capabilities. Twelve nuclear tests were conducted between October 1964 and the end of 1971. Many of these involved some thermonuclear material, and one was delivered by a missile. Direct copies of Soviet SA-2 surface-to-air missiles (SAMs) probably went into series production in 1966, and some 40 SA-2 firing units are now deployed in China. The Chinese are believed to be developing an improved SAM, but its characteristics have not been identified. SAM deployment remains modest. China is also working on naval cruise missiles, air-to-air missiles, and strategic missiles. An ICBM program is in the developmental stage. The Chinese launched their first earth satellite on 24 April 1970 and a second one in 1971. The full implications of these events for the missile program are not yet clear.

Logistics

The People's Republic of China has developed a broad military-industrial base to support its armed forces. For example, the country is now virtually self-sufficient in petroleum production. Although China's economy produces nearly all the raw materials and finished components used in military production, some critical items must still be imported. These now come primarily from Japan and Western Europe, and have included electronic and telecommunications components, machine tools, chemicals, rubber, precision instruments, steel plate, alloy steel, and special machinery used in aircraft and missile production.

China produces a wide range of materiel for the ground forces. Infantry weapons are produced in large quantities and other equipment in more limited amounts. A substantial amount of ground force materiel has been exported. Most exported items are in adequate supply, but at times ground force materiel still in short supply has been exported for political reasons

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(for example, T-59 tanks to Pakistan). There are at least four armored vehicle plants, six major artillery plants, six infantry weapons producers, about 30 major ammunition explosive plants, three major and 11 minor truck factories, and five major facilities producing ground-based radars.

Aircraft and missile production facilities consist of five large airframe plants, five engine plants, and several other complexes for producing components and materials. Serial production of MIG-19 jet fighters was initiated in 1965. The Chinese currently have about 1,300 in their inventory and are turning them out at a rate of about 50 a month. They also are producing the new Chinese-designed F-9 jet fighter-bomber, the MIG-21 jet fighter, the TU-16 jet medium bomber, and MI-4 helicopter.

Domestically designed and built ships include the Luta-class guided-missile destroyer, the Kiangnan-class destroyer escort, submarine chasers, torpedo boats, motor gunboats, two classes of missile boats, landing craft, and auxiliaries. Construction of Soviet classes in Chinese shipyards continues and includes the torpedo-attack R-class submarine, T-43 class minesweeper, and the Osa-class guided-missile patrol boat. A single G-class ballistic-missile submarine was completed in 1965. It will probably be used as a test platform for developing a submarine missile system of native design. Introduction of new, Chinese-designed classes of ships and submarines, as well as the further expansion of shipyard facilities, is expected. A cruise missile similar to the Soviet SS-N-2 Styx is in production for the navy's guided-missile patrol boats, new destroyers, and old destroyers and destroyer escorts which are being converted to carry missile launchers. This missile has also been adapted for a coastal defense mission in the northeast.

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VII. FOREIGN RELATIONS

The emergence of China as a major power has been perhaps the most important development in Asia since the conclusion of World War II. Relying heavily on material assistance and political support from the USSR, the Chinese Communists during the decade following 1949 established a military force far stronger than any other Asian country and consolidated firm political control on the mainland. Relations with Moscow then deteriorated, however; in 1960, the Soviets withdrew more than a thousand technicians and canceled hundreds of industrial and military contracts. Peking's open opposition to Moscow reached unprecedented virulence with the Sino-Soviet border clashes of 1969. The continued intensity of the confrontation, the directness of the accusations, and the "theological" certainty of both disputants reflect an antagonism which most observers consider to be presently unbridgable.

Chinese Communist foreign policy has been greatly influenced by the personalities, ideological assumptions, and internal disagreements of the top leadership. These men remain Communists with an unshakable conviction of the righteousness of their cause, the correctness of their doctrine, and the inevitability of their success. But equally important, they exhibit the traditional China-centered view of history and civilization marked by an arrogant, patronizing attitude toward other nations.

In practice, considerable caution has been forced upon China's policy-makers by what the Communists term "objective circumstance." Communist China is still relatively underdeveloped, and its armed forces are not yet able to conduct technologically advanced warfare. As a result, the Chinese can pose a direct military threat only in nearby parts of Asia. Long-term economic problems, especially the pressure of population on the land, have also limited Peking's capabilities for foreign action. Except for a brief incursion into northeast India in 1962 (from which Chinese forces voluntarily withdrew after bloodying the nose of the Indian Army), the regime has not engaged in large-scale out-of-country military combat operations since the conclusion of the Korean war in 1953.

The Chinese leaders today have carefully directed their foreign approach against Peking's two major adversaries, the Soviet Union and the United States, while attempting to mute many previous disputes with other states in order to gain broader international support. Although the US has traditionally been considered China's chief foreign enemy, the Soviet Union

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during recent years—especially since the outbreak of armed conflict on the Sino-Soviet border—has gradually been raised to this position. The thaw in China's attitude toward Washington in 1971 stands in sharp contrast to Peking's continued hard-nosed approach toward Moscow, vividly underlining Peking's present view of the USSR as its most dangerous and threatening foe.

Both ideological and nationalistic concerns nonetheless constrain the Chinese to continue regarding Washington as a major adversary. Ideologically, the United States is seen as the leading "capitalist-imperialist" power which must be discredited to demonstrate the correctness of Maoist doctrine. From the nationalistic point of view, the United States continues to frustrate Chinese ambitions to gain control over Taiwan, while the US military presence in the western Pacific poses a security problem for Peking and limits Chinese political influence in the area.

The Soviet Union, as the main threat to Chinese ambitions and security, has been treated in a more harsh and uncompromising manner. For over a decade, Peking and Moscow have been engaging in their own "cold war." The two capitals have divergent views on the nature of relations with the West, on how Communist parties in the non-Communist world should come to power, or even on what constitutes a true "Marxist-Leninist" party. Party, economic, and state relations between them have dwindled, and the validity of the 1950 Sino-Soviet Treaty is now open to question. Several serious armed clashes occurred along the 4,000-mile common frontier from March to August 1969. Realizing its weak military position vis-a-vis the Soviet Union, Peking agreed in September 1969 to open border talks with the Soviets, but the discussions have remained deadlocked over frontier problems, giving little sign that future progress can be expected.

In the early and mid-1960s most of China's general foreign efforts were channeled toward achieving great-power status and world-wide influence and toward challenging the United States and the Soviet Union. Although Peking showed a readiness to confront both Washington and Moscow at the same time, it cautiously sought to avoid a head-on struggle. The Chinese instead chose as the main battleground the underdeveloped nations of Asia, Africa, and Latin America.

Until the Cultural Revolution of the late 1960s, the Chinese Communists sought to establish themselves as mentors of the newly independent, developing states, emphasizing an identity of interests and experience with have-nots, and extolling anti-imperialism and national liberation struggles. Diplomacy, trade and aid, subversion, the implied threat of military

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force—all were employed simultaneously. A major component of Peking's message to the third world was guerrilla warfare along Mao's guidelines, for which China supplied selected "insurrectionary" movements with some weapons and training as well as propaganda backing. Such support involved relatively little cost and even less risk for the Chinese.

The Cultural Revolution played havoc with China's foreign policy—which in many important respects ceased to operate in any meaningful fashion after late 1966. The chaos engulfing the nation belied its claim to be a model other developing nations could follow with profit; in late 1966 and early 1967 virtually all of China's ambassadors were recalled; junior members of several missions were left with little more than housekeeping functions to perform. The concurrent confusion and convulsions in Peking made the formulation of a coherent foreign policy almost impossible.

Since the summer of 1969, Peking has moved toward a markedly more pragmatic approach to foreign affairs, reaping increasing diplomatic benefits abroad. The Chinese have substantially refurbished their international image, established diplomatic relations with 17 states, and achieved entry into the United Nations. Peking now clearly sees itself in a favorable position to promote its foreign interests in critical world areas.

Sino-Japanese relations have become an area of serious concern for the Peking leadership over the past two years. Modifying its largely counter-productive pressure tactics against Tokyo during the 1960s, Peking now has opted for a more balanced approach designed most immediately to end Japan's continued relations with the Taipei government and to constrain Tokyo to establish relations with Peking on the Communists' terms. While continuing heavy polemical attacks against the Sato government, the Chinese have demonstrated a willingness to moderate past disputes with Tokyo in order to entice the Japanese into a more favorable position. Over the longer term, the Chinese appear to judge that this new posture will help woo Tokyo toward policies more in line with basic Chinese interests in East Asia and away from its present close ties with Washington.

Elsewhere in Asia, Indochina has remained an area of Chinese concern, where Peking sees a convergence of its broader policy against Moscow and Washington. Contrary to its sharp rift with the North Vietnamese over the start of the Paris peace talks in 1968, Peking has subsequently carefully accommodated itself to Hanoi's political aims in the war. The Chinese have thus gained considerable influence at the expense of the USSR, which has opted for a more cautious Indochina posture, even though strains between

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Hanoi and Peking remain. Relations with selected Southeast Asian states, notably Burma and Malaysia, have improved markedly over the past year, as the Chinese have reduced support for many Communist-led insurgencies in countries not directly connected with the Indochina conflict. Peking's ties with Indonesia, which were severely damaged by the abortive Communist coup there in October 1965, have not noticeably improved, in large part because of the stand-pat attitude of the Suharto government. Although the Chinese have remained loyal to their Pakistan ally in its recent losing conflict with India, Peking has attempted to leave open avenues for future improved ties with New Delhi, largely to counteract the rapidly growing Soviet influence there.

Among European states, the Chinese have persisted with long-term efforts to harass and disrupt Moscow's position in the Soviet bloc, while demonstrating an unprecedented interest in improving ties with Western European states. In the East, Chinese interest has focused on maverick socialist states such as Romania and Yugoslavia; in the capitalist West, Peking has succeeded in expanding its influence among key states such as France and Great Britain.

Although a relatively new force in Africa, Communist China moved quickly in the 1960s to solidify its position there. In 1965, Chinese diplomatic exertions declined sharply, but there has been a strong comeback in recent years. Relations with Tanzania, Guinea, and Zambia have become particularly close, and a number of breakthroughs have been achieved with previously alienated states such as Ethiopia. In the Middle East, Peking has maintained good relations with the more radical Arab states such as Syria, Iraq, and Algeria and has moved to consolidate relations with Sudan and Egypt. The Chinese have also retained ties with important Arab guerrilla groups and have provided them with limited small arms, supplies, and training. In Latin America, China's official presence remains small but shows signs of potential growth. Over the past year, Peking has established diplomatic relations with Chile and Peru and trade ties with Guyana.

As the Chinese have sought to downplay disputes abroad and solicit state ties on a wide front, Peking has substantially reduced its previous support for international revolutionary groups. Except for a few selected insurgencies in Indochina, black Africa, and the Middle East, the Chinese no longer associate themselves closely with anti-government movements. Peking has all but terminated ties with Maoist groups in Western Europe and Latin America, and has touted the virtues of self-reliance to many other of its previous clients abroad. At the same time, Peking has adopted a more

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low-keyed posture in the international Communist movement, dropping previous insistence that parties follow Peking's leadership and now generally asking only that the groups resist Soviet domination as they find their own route to socialism.

The Chinese are presently active in all world areas, exploiting their pragmatic foreign approach in order to build China's influence abroad in a largely conventional manner. The unprecedented success they have achieved has clearly reinforced Peking's belief that a persuasive and pragmatic posture provides more gain for China than the hard-line, ideological, and self-righteous posture of the past.

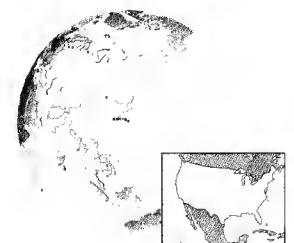
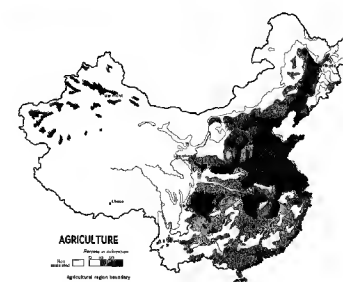
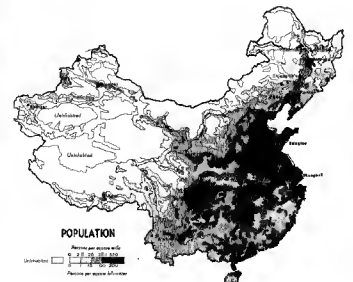
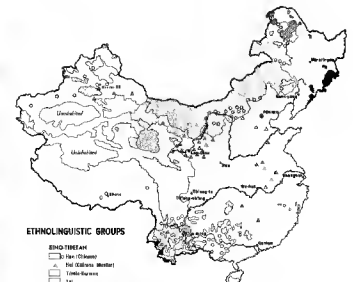
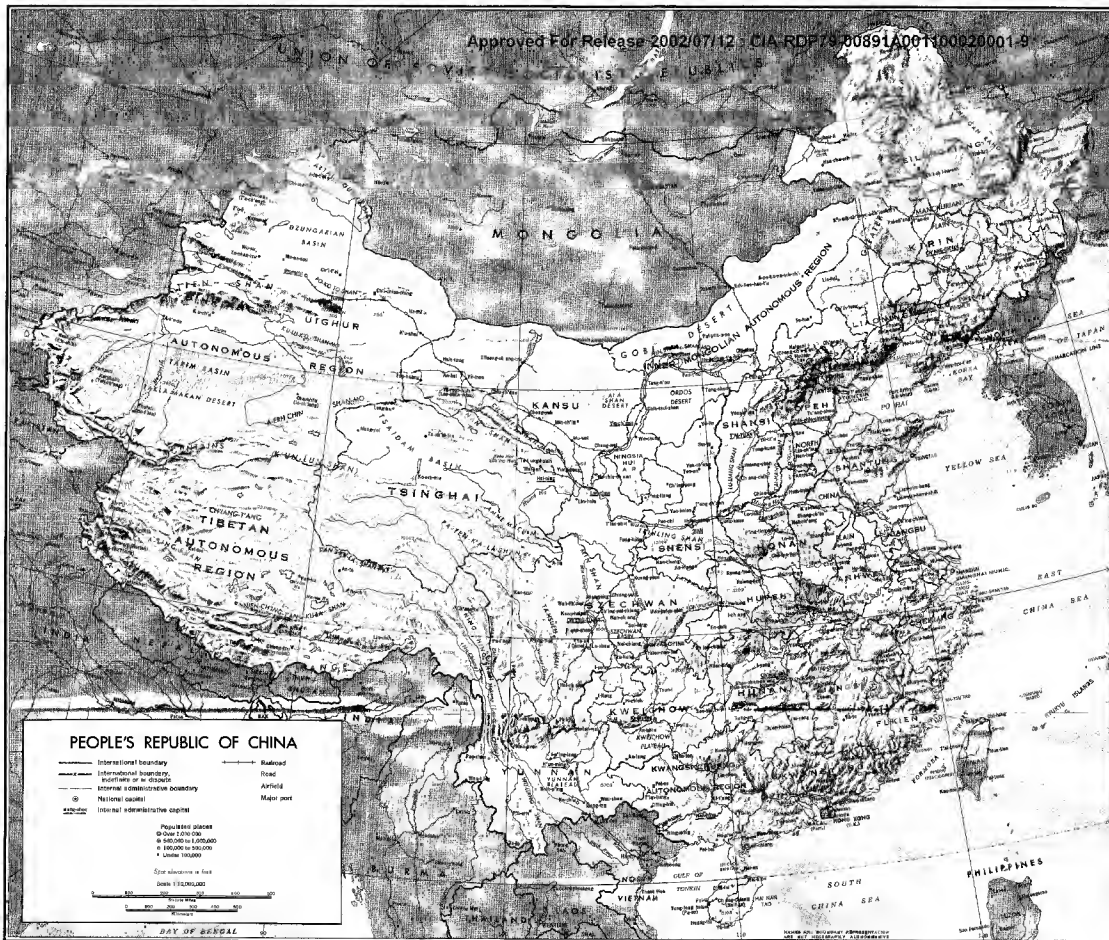
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